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BICK'S OF CANADA LIMITED

EXECUTIVE OFFICES: 333 PROGRESS AVENUE, SCARBOROUGH, ONTARIO

DIRECTORS

George Bick

Walter Bick

Alfred J. Turner

Earle J. Payne

(Mrs.) Jeanny Bick

(Miss) Bessie E. Hallatt

J. Sydney Midanik

Donald A. Jewitt

OFFICERS

Chairman of the Board

George Bick

President

Walter Bick

Vice-President - Production

Alfred J. Turner

Vice-President - Sales

Earle J. Payne

Secretary-Treasurer

Mrs. Jeanny Bick

TRANSFER AGENTS AND REGISTRAR

The Canada Trust Company, Toronto

AUDITORS

Pape, Strom, Sherman & Lavine

BANKERS

Canadian Imperial Bank of Commerce

PRESIDENT'S REPORT TO SHAREHOLDERS

The fiscal year which ended May 31, 1965 was an excellent year for your Company — in fact it was Bick's best year ever.

During this fiscal year we have further strengthened our distribution across Canada and have added new countries to the many to which we are presently exporting our products. It can truly be said that Bick's Pickles are available around the world — "International in Flavour".

I am extremely pleased to report to you that your Company has decided to open a plant in Western Canada. After extensive inquiries throughout the West, it was decided to take over existing buildings at the Municipal Airport in Medicine Hat, Alberta. The cucumber growing area is in a 100-mile radius of Medicine Hat and is to a large part irrigated. With the start of the 1966 packing season your Company will be in a position to supply the ever-growing Western market from its new plant there.

Again, Bick's was host to neighbours and friends at our Rodeo "Peter Piper Goes West". Mayor Harry Veiner of Medicine Hat came down especially for the occasion to return our visit to his city only a week before.

The Honourable Mitchell Sharp, Minister of Trade and Commerce, and Mrs. Sharp spent the evening

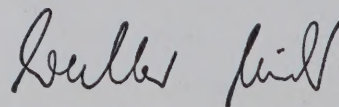
with us at the Rodeo as you can see from the picture on the inside cover of this report.

For the first time we are presenting to you a comparative Balance Sheet and, needless to say, these comparative figures are most gratifying. You will note that your Company has considerably strengthened its financial position through continuous increases in earnings.

The entire Bick's organization is enthusiastic about the prospects for the new fiscal year. We know that continued improvement of our facilities as well as new equipment will enable us to operate more efficiently and economically than ever before.

No efforts have been wasted to keep quality synonymous with Bick's and we feel that this is of prime importance in our desire to expand and grow profitably.

We take this opportunity to express to our valued employees, sales agents and customers from coast to coast in Canada and Overseas, the appreciation of the Officers and Directors.



Toronto, August 13, 1965

President

STATEMENT OF EARNINGS

FOR THE YEAR ENDED MAY 31, 1965
(with comparative figures for 1964)

| | 1965 | 1964 |
|--|------------------|------------------|
| OPERATING INCOME — before the undernoted items | \$978,579 | \$838,114 |
| Provision for depreciation | \$135,891 | \$124,629 |
| Interest on funded debt | 97,500 | 46,558 |
| Other interest | — | 24,651 |
| Amortization of debenture discount | 3,000 | 875 |
| | 236,391 | 196,713 |
| EARNINGS BEFORE INCOME TAXES | \$742,188 | \$641,401 |
| INCOME TAXES | 329,927 | 282,086 |
| NET EARNINGS | <u>\$412,261</u> | <u>\$359,315</u> |
| Number of shares outstanding | 505,020 | 501,210 |
| Net earnings per share | <u>81.6c</u> | <u>71.7c</u> |

BICK'S OF CANADA LIMITED

(WITH COMPARATIVE FIG

ASSETS

| | <u>1965</u> | <u>1964</u> |
|---|---------------------------|---------------------------|
| CURRENT ASSETS | | |
| Cash and term deposits | \$ 914,951 | \$ 583,982 |
| Accounts receivable (less allowance for doubtful accounts: 1965 — \$3,118; 1964 — \$4,724) | 408,263 | 447,669 |
| Inventories, at the lower of cost or market | 1,222,008 | 1,204,974 |
| Prepaid expenses | 56,645 | 32,775 |
| TOTAL CURRENT ASSETS | <u>\$2,601,867</u> | <u>\$2,269,400</u> |
| INVESTMENT IN SHARES — at cost (note 3) | | |
| Lakeside Packing Company Limited | \$ 61,587 | \$ 61,587 |
| Canada Pickles Limited | 52,938 | 52,938 |
| | <u>\$ 114,525</u> | <u>\$ 114,525</u> |
| FIXED ASSETS — at cost | | |
| Land, buildings, plant and equipment | \$1,639,192 | \$1,474,453 |
| Less — Accumulated depreciation | 577,783 | 460,338 |
| | <u>\$1,061,409</u> | <u>\$1,014,115</u> |
| OTHER ASSETS | | |
| Unamortized debenture discount | \$ 56,125 | \$ 59,125 |
| TOTAL ASSETS | <u><u>\$3,833,926</u></u> | <u><u>\$3,457,165</u></u> |

(See accompanying notes to the financial statements.)

BALANCE SHEET AS AT MAY 31, 1965

S AS AT MAY 31, 1964)

LIABILITIES

| | <u>1965</u> | <u>1964</u> |
|--|--------------------|--------------------|
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 600,574 | \$ 536,925 |
| Income taxes payable | 125,789 | 174,248 |
| TOTAL CURRENT LIABILITIES | <u>\$ 726,363</u> | <u>\$ 711,173</u> |
| LONG TERM INDEBTEDNESS | | |
| 6½% Secured debentures Series "A" | | |
| maturing February 15, 1984 (note 4) | 1,500,000 | 1,500,000 |
| TOTAL LIABILITIES | <u>\$2,226,363</u> | <u>\$2,211,173</u> |

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized:

1,000,000 Common shares without par value

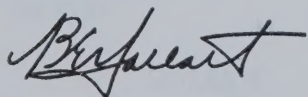
Issued and fully paid:

| | | |
|---|--------------------|--------------------|
| 505,020 Common shares (1964 — 501,210 shares) (note 2). | \$ 214,700 | \$ 189,865 |
| RETAINED EARNINGS | 1,392,863 | 1,056,127 |
| | <u>\$1,607,563</u> | <u>\$1,245,992</u> |
| | <u>\$3,833,926</u> | <u>\$3,457,165</u> |

| | | |
|-------------------------|--------------|--------------|
| CURRENT RATIO | <u>3.6:1</u> | <u>3.2:1</u> |
|-------------------------|--------------|--------------|

Approved on behalf of the Board:

 Director

 Director

SUMMARY OF RETAINED EARNINGS

FOR THE YEAR ENDED MAY 31, 1965

| | |
|---------------------------------------|---------------------------|
| BALANCE — June 1, 1964 | \$1,056,127 |
| Add — Net earnings for year | 412,261 |
| | <u>\$1,468,388</u> |
| Less — Dividends paid | 75,525 |
| BALANCE — May 31, 1965 | <u><u>\$1,392,863</u></u> |

SUMMARY OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED MAY 31, 1965

SOURCE OF FUNDS

| | | |
|--|-----------|------------------|
| Net earnings | | \$412,261 |
| Expenses not requiring cash outlay | | |
| Provision for depreciation | \$135,891 | |
| Amortization of debenture discount | 3,000 | 138,891 |
| | <u></u> | <u></u> |
| Cash provided from operations | | \$551,152 |
| Common shares issued | | 24,835 |
| | | <u>\$575,987</u> |

APPLICATION OF FUNDS

| | | |
|---------------------------------------|-----------|-------------------------|
| Acquisition of fixed assets | \$183,185 | |
| Dividends paid | 75,525 | 258,710 |
| | <u></u> | <u></u> |
| INCREASE IN WORKING CAPITAL | | <u><u>\$317,277</u></u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 1965

1. Taxes on income for the current year have been reduced by approximately \$53,185 because of the intention of the company to claim for tax purposes capital cost allowance to the extent of approximately \$102,280 in excess of the amounts provided in the accounts. The accumulated amount to date by which income taxes otherwise payable have been so reduced is approximately \$98,160.

2. The company has introduced employees' stock option plans under which employees of the company have been granted options to purchase 23,050 common shares of the company in the aggregate: 22,200 shares at \$6.50 per share, and 850 shares at \$10.00 per share. During the year, 3,810 shares have been issued to employees for an aggregate consideration of \$24,835.

3. The company owns 50% of the total issued and outstanding capital stock of each of Lakeside

Packing Company Limited and Canada Pickles Limited. The aggregate net profit of these companies for the year ended in 1965 is \$25,754, which profit has not been reflected in the earnings of Bick's of Canada Limited.

4. The Series A debentures are secured by a first fixed and first floating charge on the assets of the company.

Sinking fund payments are required to retire \$83,000 per annum in each of the years 1967 to 1984 inclusive. The trust deed dated February 15, 1964, provides that dividends may not be declared or paid which would reduce the company's consolidated net earnings available for dividends (as defined in the trust deed) below \$1,000,000, or if such declaration or payment would reduce net current assets (as defined in the trust deed) below \$700,000.

AUDITORS' REPORT

To the Shareholders of
Bick's of Canada Limited

We have examined the balance sheet of Bick's of Canada Limited as at May 31, 1965, and the statements of profit and loss and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet

and related statements of profit and loss and retained earnings present fairly the financial position of the company as at May 31, 1965, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PAPE, STROM, SHERMAN & LAVINE,
Chartered Accountants.

Toronto, Canada,
July 29, 1965.



